

FINAL OFFICIAL STATEMENT DATED DECEMBER 1, 2009

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, as amended.** Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or the accrual or receipt of interest on the Bonds. (See "Tax Exemption" herein.)

\$3,080,000**TOWN OF AMHERST****Massachusetts****GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2009 BONDS****Dated: December 15, 2009****Due: August 1, 2010-2019****MATURITIES, AMOUNTS, INTEREST RATES PRICES AND/OR YIELDS**

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Price/ Yield</u> | <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Price/ Yield</u> |
|--------------------|------------------------------------|---------------------------------|--------------------------------|--------------------|------------------------------------|---------------------------------|--------------------------------|
| 2010 | \$910,000 | 2.50% | 0.40% | 2015 | \$150,000 | 2.25% | 1.87% |
| 2011 | 885,000 | 2.50 | 0.64 | 2016 | 150,000 | 2.50 | 2.17 |
| 2012 | 190,000 | 4.00 | 0.88 | 2017 | 145,000 | 3.00 | 2.44 |
| 2013 | 180,000 | 3.00 | 1.16 | 2018 | 145,000 | 3.00 | 2.68 |
| 2014 | 180,000 | 3.00 | 1.50 | 2019 | 145,000 | 4.00 | 2.86 |

Principal of the Bonds will be payable August 1 of the years in which the Bonds mature. Interest from the date of the Bonds will be payable on August 1, 2010 and semi-annually thereafter on each February 1 and August 1. The Bonds are **not** subject to redemption prior to their stated dates of maturity.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. (See "Book-Entry Transfer System" herein.)

The legality of the Bonds will be approved by Edwards Angell Palmer & Dodge LLP of Boston, Massachusetts, Bond Counsel to the Town. UniBank Fiscal Advisory Services, Inc. serves as financial advisor to the Town. It is expected that the Bonds, in definitive form, will be delivered to The Depository Trust Company, or its custodial agent, on or about December 15, 2009 against payment in federal reserve funds.

FIRST SOUTHWEST

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

ISSUE SUMMARY STATEMENT

Issuer: Town of Amherst, Massachusetts

Date of Sale: Tuesday December 1, 2009 until 11:00 a.m. (local time)

Method of Sale: Sealed and Electronic Bids

Location of Sale: UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, MA.

Issue: \$3,080,000 General Obligation Municipal Purpose Loan of 2009 Bonds - Book-Entry-Only (see "Book-Entry Transfer System", herein).

Dated Date of Bonds: December 15, 2009

Maturity Date of Bonds: Serially on August 1, 2010 through 2019, as detailed herein.

Credit Ratings: Standard & Poor's Rating Services rating: AA (see "RATING" herein).

Redemption: The Bonds are not subject to redemption prior to their stated dates of maturity.

Security: The Bonds are valid general obligations of the Town of Amherst, Massachusetts and the principal of and interest on the Bonds are payable from ad valorem taxes which may be levied upon all property within the territorial limits of the Town and taxable by it subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

Basis of Award: Lowest true interest cost (TIC) as of the dated date.

Tax Exemption: Refer to Tax Exemption and Appendix C – "Proposed Form of Legal Opinion of Bond Counsel" herein.

Continuing Disclosure: Refer to Continuing Disclosure and Appendix D – "Proposed Form of Continuing Disclosure" herein.

Bank Qualification: **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.**

Paying Agent: U.S. Bank National Association, Boston, Massachusetts

Legal Opinion: Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts

Delivery and Payment: It is expected that the Bonds will be delivered to The Depository Trust Company, or its custodial agent, against payment to the account of the Town in federal reserve funds on or about December 15, 2009.

Issue Contacts: John P. Musante, Finance Director/Treasurer, Town of Amherst, tel # (413) 259-3022.
David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc., tel # (508) 849-4222
Richard A. Manley, Jr., Esq., Edwards Angell Palmer & Dodge LLP, Boston, MA tel# (617) 239-0384

Additional Information: Refer to the Preliminary Official Statement dated November 18, 2009.

NOTICE OF SALE

TOWN OF AMHERST Massachusetts

\$3,095,000*

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2009 BONDS

The Town of Amherst, Massachusetts, will receive sealed and electronic proposals until 11:00 A.M. (Local Time) on

December 1, 2009

at UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, for the purchase of the following described Bonds:

\$3,095,000* MUNICIPAL PURPOSE LOAN OF 2009 BONDS (the “Bonds”) payable August 1 of the years and in the amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Year</u> | <u>Principal Amount</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 2010 | \$905,000* | 2015 | \$150,000* |
| 2011 | 890,000* | 2016 | 150,000* |
| 2012 | 190,000* | 2017 | 150,000* |
| 2013 | 185,000* | 2018 | 150,000* |
| 2014 | 180,000* | 2019 | 145,000* |

The Bonds will be dated December 15, 2009. Interest from the date of the Bonds will be payable on August 1, 2010 and semi-annually thereafter on each February 1 and August 1. The Bonds are not subject to redemption prior to their stated dates of maturity.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York, (“DTC”), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by the book-entry only system, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Town nor the Paying Agent will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The legality of the Bonds will be approved by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts whose opinion will be furnished to the purchaser.

* Preliminary; subject to change.

Electronic proposals will be submitted through *i-Deal*[®]. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*[®], this Notice of Sale shall control. Further information about *i-Deal*[®], including any fees charged, may be obtained from *i-Deal*[®] at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*[®]. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Other bids, including bids by delivered telegram, should be sealed, marked "Proposal for Bonds" and addressed to **Mr. John P. Musante, Finance Director/Treasurer, Town of Amherst, c/o UniBank Fiscal Advisory Services, Inc., 49 Church Street, Whitinsville, Massachusetts 01588.** Proposals delivered as specified will be accepted. Blank bid forms with signature may be faxed or otherwise sent to UniBank Fiscal Advisory Services, Inc. prior to submitting bids at (508) 234-1938 with actual bids telephoned to (508) 849-4222, at least one half hour prior to the 11:00 A.M. (local time) sale. UniBank Fiscal Advisory Services, Inc. will act as agent for the bidder in submitting the bids, but neither UniBank Fiscal Advisory Services, Inc. nor the Town is responsible for any errors with bids submitted in this manner. A good faith deposit is not required.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8th or 1/20th of 1% but shall not state (a) more than one interest rate for any Bonds having like maturity, and (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3%. **No bid of less than 101.5 percent of par (\$3,141,425.00) and accrued interest to date of delivery will be considered. Coupon rates on the Bonds maturing August 1, 2010 and 2011, inclusive, shall not exceed 2.50%.**

As between proposals which comply with this Notice, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of December 15, 2009 discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to the date of delivery, which accrued interest shall be paid by the successful bidder. The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of December 1, 2009 (the "Sale Date"), the Purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices shown set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

Immediately following the opening of bids, the Town, acting through its financial advisor, will contact the apparent successful bidder by telephone to obtain the initial reoffering prices of each maturity of the Bonds, the premium to be paid on account of bond insurance, if any, and other information relevant to the sale of the Bonds. The apparent successful bidder shall then immediately deliver to the Town written confirmation by facsimile transmission as to such reoffering prices and bond insurance premium, if any. Upon being supplied

with such initial reoffering prices and bond insurance premiums, if any, the Town will determine the amount of Bonds that it may issue under the Internal Revenue Code. The Town will also determine the need to otherwise re-allocate the principal maturities of the Bonds. The Town will consult with the successful bidder before adjusting any maturity. The Town expects to advise the successful bidder as soon as possible, but no later than 5:00 p.m., (Eastern Time), on the date of the sale of the amount, if any, of any changes in either the aggregate principal amount (which changes will be allocated among several maturities of the Bonds in a manner to be specified by the Town) or individual maturities (assuming no changes in the aggregate principal amount of the Bonds).

Within the limits set forth herein, the Town reserves the right to adjust the aggregate principal amount of the Bonds, and to adjust the principal amount of individual maturities of the Bonds, even if the aggregate principal amount is unchanged. Any adjustment in either the aggregate principal amount or the individual maturities of the Bonds will be in an amount of \$5,000 or an integral multiple thereof and will be made only as necessary to effect the refunding in accordance with the Town's objectives. Those objectives include (1) maintaining a level annual stream of debt service savings and (2) issuing a final par amount of Bonds that will be sufficient to fund the redemption price of the Refunded Bonds plus costs of issuance, given the price bid by the successful underwriter, while avoiding an overissuance of Bonds.

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the Town as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of their contractual obligation arising from the acceptance of their proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's Ratings Services for the ratings of the Bonds. Any such fee paid to Standard & Poor's Rating Services will be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Angell Palmer & Dodge LLP, substantially in the form presented in Appendix C to the Preliminary Official Statement dated November 18, 2009; (b) a certificate in form satisfactory to said firm dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a certificate of the Town Treasurer to the effect that, to the best of his knowledge and belief, both as of the date of sale and of the date of delivery of the Bonds, the Preliminary Official Statement referred to below does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the

printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds will be designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds, in definitive form, will be delivered to the purchaser at The Depository Trust Company, or the offices of its custodial agent, on or about December 15, 2009, against payment in federal reserve funds.

Additional information concerning the Town of Amherst and the Bonds is contained in the Preliminary Official Statement dated November 18, 2009 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Copies of the Preliminary Official Statement and a suggested form of proposal for the Bonds may be obtained from David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc., 49 Church Street, Whitinsville, Massachusetts, 01588, telephone (508) 849-4222. Such Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering prices, interest rates, and any other items of the Bonds depending on such matters and the identity of the underwriters. Within seven (7) business days following the award of the Bonds in accordance herewith, 50 copies of a Final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

**TOWN OF AMHERST
Massachusetts**

/s/ John P. Musante
Finance Director/Treasurer

Dated: November 18, 2009

Bond Counsel are not passing upon and do not assume any responsibility for the accuracy or adequacy of the following information contained in the Preliminary Official Statement other than matters expressly set forth as the opinion of Bond Counsel.

OFFICIAL STATEMENT

**TOWN OF AMHERST
MASSACHUSETTS**

\$3,080,000

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2009 BONDS

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Amherst, Massachusetts (the "Town") in connection with the sale of \$3,080,000 General Obligation Municipal Purpose Loan of 2009 Bonds dated December 15, 2009 (the "Bonds") of the Town.

The Bonds are being offered for sale at a public bidding and a Notice of Sale dated November 18, 2009 has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the "Commonwealth") or any other entity. The security for the Bonds is more fully described under the caption Security and Remedies below. See also the caption Opinion of Bond Counsel.

Questions regarding information contained in this Official Statement or other matters should be directed to the following: John P. Musante, Finance Director/Treasurer, (413) 259-3022; David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc., (508) 849-4222; or Richard A. Manley, Jr., Esq., Edwards Angell Palmer & Dodge LLP, (617) 239-0384.

The information contained herein has been obtained from the sources indicated or from the Town.

PART I

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be dated December 15, 2009 and will mature on August 1 of the years and in the principal amounts as follows:

| <u>Due</u> <u>August 1</u> | <u>Principal</u> <u>Amount</u> | <u>Due</u> <u>August 1</u> | <u>Principal</u> <u>Amount</u> |
|---|---|---|---|
| 2010 | \$910,000 | 2015 | \$150,000 |
| 2011 | 885,000 | 2016 | 150,000 |
| 2012 | 190,000 | 2017 | 145,000 |
| 2013 | 180,000 | 2018 | 145,000 |
| 2014 | 180,000 | 2019 | 145,000 |

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder. The Bonds are not subject to redemption prior to maturity.

Principal and semi-annual interest will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, or its successor, acting as paying agent (the "Paying Agent"). Interest from the date of the Bonds will be payable on August 1, 2010 and semi-annually thereafter on each February 1 and August 1. So long as The Depository Trust Company ("DTC"), New York, New York or its nominee, Cede & Co., is the Bondowner, such payments of principal and interest on the Bonds will be made directly to DTC. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payment to the Beneficial Owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, provided that, with respect to overdue interest or interest on any overdue amount, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its registered securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security held by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities held by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities held by DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities held by it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent to vote with respect to securities held by DTC unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the securities held by DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or the paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

AUTHORIZATION AND USE OF PROCEEDS

\$1,415,000* of the Bonds are issued pursuant to Chapter 44, Section 21A, of the Massachusetts General Laws, as amended, and a vote of the Town's Select Board on December 7, 2009 for the purpose of refunding the following bonds dated August 1, 1999 (the "Refunded 1999B Bonds"):

| <u>Par Amount</u> | <u>Maturity</u> | <u>Coupon Rate</u> | <u>CUSIP</u> |
|------------------------------|------------------------|-------------------------------|---------------------|
| \$695,000 | January 15, 2011 | 4.80% | 031231 RE5 |
| 685,000 | January 15, 2012 | 4.85 | 031231 RF2 |

The Refunded 1999B Bonds were issued to advance refund bonds issued on March 15, 1992 to fund repairs to the Jones Library (the Town's main library) and the construction of a water treatment facility. The water treatment facility, which is fully supported by the Town's Water Enterprise Fund, represents approximately \$1,383,000* of the Bonds. The Refunded 1999B Bonds are expected to be redeemed with Bond proceeds at a price of 101% of par on January 15, 2010.

\$515,000* of the Bonds are issued pursuant to Chapter 44, Section 21A, of the Massachusetts General Laws, as amended, and a vote of the Town's Select Board on December 7, 2009 for the purpose of refunding the following bonds dated August 1, 1999 (the "Refunded 1999A Bonds"):

| <u>Par Amount</u> | <u>Maturity</u> | <u>Coupon Rate</u> | <u>CUSIP</u> |
|------------------------------|------------------------|-------------------------------|---------------------|
| \$50,000 | August 1, 2010 | 5.00% | 031231 QH9 |
| 50,000 | August 1, 2011 | 5.00 | 031231 QJ5 |
| 50,000 | August 1, 2012 | 5.00 | 031231 QK2 |
| 50,000 | August 1, 2013 | 5.00 | 031231 QL0 |
| 50,000 | August 1, 2014 | 5.00 | 031231 QM8 |
| 50,000 | August 1, 2015 | 5.125 | 031231 QN6 |
| 50,000 | August 1, 2016 | 5.20 | 031231 QP1 |
| 50,000 | August 1, 2017 | 5.25 | 031231 QQ9 |
| 50,000 | August 1, 2018 | 5.25 | 031231 QR7 |
| 50,000 | August 1, 2019 | 5.25 | 031231 QS5 |

The Refunded 1999A Bonds financed construction of a parking garage in Amherst Center. Debt service for this purpose is fully supported by the Town's Transportation Enterprise Fund. The Refunded 1999A Bonds are expected to be redeemed with Bond proceeds at a price of 101% of par on January 15, 2010.

\$505,000 of the Bonds are issued pursuant to Chapter 44, Section 7(3A), of the Massachusetts General Laws, as amended, and votes of the Town on June 18, 2007 (\$360,000 under Article 23, as amended by vote of the Town under Article 8(C) of the Warrant at the Special Town Meeting held on November 5, 2007) and November 7, 2007 (\$295,000 under Article 8(B)) for the purpose of making repairs to the Amherst Town Hall. The Town currently has \$515,000 bond anticipation notes outstanding for this purpose, which were originally issued on June 20, 2008. These notes will be retired permanently with Bond proceeds and available funds at their current maturity of December 16, 2009. Debt service on \$225,000 par amount of this portion of the Bonds is expected to be supported by the Town's Community Preservation Fund.

\$420,000 of the Bonds are issued pursuant to Chapter 44, Section 7(3A) of the Massachusetts General Laws, as amended, and a vote of the Town on April 28, 2008 (Article 17(A)) for the purpose of making repairs to the roof of the Bangs Community Center. The Town currently has a like amount of bond anticipation notes outstanding for this purpose, which were originally issued on June 20, 2008. These notes will be retired permanently with Bond proceeds at their current maturity of December 16, 2009.

\$240,000 of the Bonds are issued pursuant to Chapter 44, Section 7(25) of the Massachusetts General Laws ,as amended, and a vote of the Town on November 13, 2002 (Article 8(E)) for the purpose of constructing athletic fields. The original authorization for this purpose was \$500,000. The entire amount has been financed on a temporary basis; a portion of the original principal has been paid with available funds of the Town. The Town currently has \$290,000 amount of bond anticipation notes outstanding for this purpose, which were originally issued on June 20, 2006. These notes will be retired permanently with Bond proceeds and available funds of the Town at their current maturity of December 16, 2009.

SOURCES AND USES OF FUNDS

The following table summarizes the estimated sources and uses of funds for the Bonds, excluding accrued interest:

| <u>Sources</u> | | <u>Uses</u> | |
|-----------------------|-----------------------|------------------------------------|-----------------------|
| Par amount of Bonds | \$3,080,000.00 | Payment of Bond Anticipation Notes | \$1,225,000.00 |
| Reoffering Premium | 106,744.90 | Redemption of Refunded Bonds | 1,943,725.00 |
| Available Funds | 60,000.00 | Issuance Costs and Other | 78,016.90 |
| Total Sources | <u>\$3,246,741.90</u> | Total Uses | <u>\$3,246,741.90</u> |

SECURITY AND REMEDIES

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for “qualified bonds” as described above (see “Serial Bonds and Notes” under “Types of Obligations” herein) and setoffs of state distributions as described below (see “State Distributions” herein), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year “all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for and all amounts necessary to satisfy final judgments”. Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “Tax Limitations” Under “Property Tax” herein.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “Debt Limits” herein.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. In the opinion of bond counsel, Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAX” herein.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, community preservation and affordable housing, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “Serial Bonds and Notes” under “Types of Obligations” above) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated

distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws.

OPINION OF BOND COUNSEL

A copy of the legal opinion of the firm of Edwards Angell Palmer & Dodge LLP, of Boston, Massachusetts (see Appendix C), will be furnished to the successful bidder. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. **In the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.** The foregoing reflects the enactment of the American Recovery and Reinvestment Act of 2009 which includes provisions that modify the treatment under the alternative minimum tax of interest on certain bonds of state and local government entities and that modify Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of

Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Except as indicated in the following paragraph, Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

RATING

On November 18, 2009, Standard & Poor's Ratings Services assigned a "AA" rating to the Bonds. Such rating reflects only the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year, (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix D. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The Town has never failed to comply in all material respects with any previous undertaking to provide annual reports or notices of material events in accordance with the Rule.

THE TOWN

Amherst, incorporated as a Town in 1759, is governed by the selectmen-representative town meeting form of government.

CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

A town is not an independent sovereignty. It is merely a subordinate agency of State government. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers.

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966, under which a city or town may exercise by ordinance or by-law any power which the State legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law; these powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil laws governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment the State legislature may enact general laws relating to a class of two or more municipalities but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town or on recommendation of the governor and passage by a two-thirds vote of both houses of the legislature.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance is not required if the legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. A town of less than 12,000 population may not change to a city form of government and a town of less than 6,000 inhabitants may not change from the open town meeting form of government to a limited or representative town meeting form.

Cities are generally governed by a city council and an elected mayor who has the power to veto council actions; the council may override a mayoral veto by a two-thirds vote of the councilors. Some cities are governed by a city council and an appointed city manager who has no power to veto council actions; some municipalities, although still called “towns”, have adopted a similar form of government with a town council and town manager or administrator. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

Most towns are governed by open town meetings in which any voter may participate. Others have an elected representative town meeting, often with public officers serving as ex officio members of the town meeting. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of three or more selectmen, sometimes with the assistance of a town manager or executive secretary.

School affairs of cities and towns are administered by an elected school committee, except in those towns whose educational functions are carried out entirely through a regional school district.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by a representative town meeting consisting of 254 elected town meeting members. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a board of five selectmen who are elected on an at-large basis for staggered three-year terms.

School affairs are administered by an elected school committee of five persons, while local taxes are assessed by a board of three assessors.

The following is a list of the principal executive officers:

| <u>Office</u> | <u>Name</u> | <u>Manner of Selection and Term</u> | <u>Term Expires</u> |
|---|------------------------------|--|--------------------------------|
| Selectmen | Stephanie J. O’Keeffe, Chair | Elected/3 years | 2011 |
| | Gerald S. Weiss | Elected/3 years | 2010 |
| | Alisa V. Brewer | Elected/3 years | 2010 |
| | Diana B. Stein | Elected/3 years | 2011 |
| | Aaron A. Hayden | Elected/3 years | 2012 |
| Town Manager | Laurence R. Shaffer | Appointed | Indefinite |
| Assistant Town Manager/ Finance Director/Treasurer | John P. Musante | Appointed | Indefinite |
| Collector | Claire E. McGinnis | Appointed | Indefinite |
| Comptroller | Sonia R. Aldrich | Appointed | Indefinite |
| Town Clerk | Sandra Burgess | Appointed | Indefinite |
| Town Counsel | Joel Bard, Esq. | Appointed | Indefinite |

SERVICES

The Town provides general governmental services for the territory within its boundaries including police and fire protection, water services to 95% of the population of the Town, sewer services to 90% of the population of the Town, public education in grades pre-Kindergarten through six, solid waste disposal, libraries, streets, parks and recreation, including a municipal golf course. The Town also owns over 1,965 acres of conservation land with approximately 80 miles of trails, and over 1,841 acres of land restricted to agricultural/farmland use.

Students in grades 7 through 12 attend the Middle and Senior High Schools operated by the Amherst-Pelham Regional School District.

Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part response to a default by the County in the payment of general obligation notes of the County. The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth’s expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation,

the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in other counties.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the representative town meeting. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the current fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Selectmen.

DEBT LIMITS

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 per cent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to a separate limit equal to the General Debt Limit, including the same doubling provision). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years (see "Taxation to Meet Deficits" herein). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in equal or diminishing annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. Level debt service is permitted for bonds or notes issued for certain purposes, including self-supporting enterprise purposes, certain state-aided school projects and certain community preservation and open space projects and certain small municipal renewable energy generating facilities projects, as well as for those projects for which debt service has been exempted from property tax limitations. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. Most of the purposes are capital projects. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first principal payment of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy. The Town does not have an electric department.

DEBT (1)

The following shows the direct debt to be outstanding as of December 15, 2009, including the non-refunding portion of the Bonds, the Refunded 1999A Bonds, and the Refunded 1999B Bonds, but not the refunding portion of the Bonds:

General Obligation Bonds:

Within General Debt Limit (2)

| | | |
|-------------------------------|------------------|-------------|
| Sewers & Drains | \$ 970,000 | |
| Schools | 1,980,000 | |
| Streets, Sidewalks, & Parking | 325,000 | |
| Other Building | 1,720,837 | |
| The Bonds | <u>1,165,000</u> | |
| | | \$6,160,837 |

Outside General Debt Limit:

| | | |
|--|---------------|------------------|
| Water | 2,049,163 | |
| Other | <u>52,575</u> | |
| | | <u>2,101,738</u> |
| Total Outstanding General Obligation Bonds | | \$8,262,575 (3) |

Temporary Loans in Anticipation of:

| | | |
|-----------------------|----------|--------------------|
| Revenue | \$ 0 | |
| Bonds (4) | 220,000 | |
| Grants | <u>0</u> | |
| Total Temporary Loans | | <u>220,000</u> |
| Total Direct Debt | | <u>\$8,482,575</u> |

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability, and the refunding portion of the Bonds.

(2) At the present time, the normal General Debt Limit is \$116,070,305 and the Double General Debt Limit is \$232,140,610.

(3) \$52,575 has been exempted from the provisions of Proposition 2 ½.

(4) Does not include \$1,295,000 bond anticipation notes, which will be paid from Bond proceeds and available funds at their current maturity of December 16, 2009.

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have \$867,000 par amount of authorized unissued debt. \$487,000 of this amount is for land acquisition; plans for financing are uncertain at this time. \$300,000 authorized unissued debt is for portable classrooms at the Mark's Meadow Elementary School. The Town currently has \$220,000 bond anticipation notes outstanding for this purpose. The Town has voted to close this elementary school. It is anticipated that once the school is closed, the portable classrooms will be offered for sale. The proceeds of the sale of the classrooms will be used to retire the notes. \$80,000 authorized unissued debt is to make the East Street School facility, which is currently operated as an alternative high school by the Amherst-Pelham Regional School District, compliant with the Americans with Disabilities Act. Plans for financing are uncertain at this time.

Five Years Outstanding Debt (1)

| | As of June 30 | | | | |
|--------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Bonds: | | | | | |
| Sewers & Drains | \$1,260,000 | \$1,550,000 | \$1,840,000 | \$2,134,000 | \$2,428,000 |
| Land Acquisition | 0 | 0 | 24,124 | 78,536 | 117,261 |
| Schools | 2,240,000 | 2,505,000 | 2,770,000 | 3,035,000 | 3,300,000 |
| Other Building | 1,770,837 | 2,042,460 | 2,466,328 | 3,082,876 | 3,721,177 |
| Streets Sidewalks | 325,000 | 390,000 | 460,000 | 556,000 | 692,000 |
| Departmental Equipment | <u>0</u> | <u>0</u> | <u>0</u> | <u>35,000</u> | <u>70,000</u> |
| Total Within General Debt Limit | 5,595,837 | 6,487,460 | 7,560,452 | 8,921,412 | 10,328,438 |
| Outside the General Debt Limit: | | | | | |
| Water | 2,049,163 | 2,792,540 | 3,359,548 | 3,778,588 | 4,092,187 |
| Other Outside General | <u>57,845</u> | <u>63,115</u> | <u>68,385</u> | <u>73,655</u> | <u>183,300</u> |
| Total Outside the General Debt Limit | 2,107,008 | 2,855,655 | 3,427,933 | 3,852,243 | 4,275,487 |
| Total Long-Term Indebtedness | 7,702,845 | 9,343,115 | 10,988,385 | 12,773,655 | 14,603,925 |
| Temporary Loans in Anticipation of: | | | | | |
| Revenue | 0 | 0 | 0 | 0 | 0 |
| Bonds | 1,445,000 | 855,000 | 390,000 | 2,183,043 | 5,505,000 |
| Grants | <u>0</u> | <u>427,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Short-Term Indebtedness | 1,445,000 | 1,282,000 | 390,000 | 2,183,043 | 5,505,000 |
| Total Outstanding Indebtedness | <u>\$9,147,845</u> | <u>\$10,625,115</u> | <u>\$11,378,385</u> | <u>\$14,956,698</u> | <u>\$20,108,925</u> |

(1) Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

Bond Debt vs. Population, Valuations and Income

| | (000 omitted) As of June 30 | | | | |
|------------------------------------|--------------------------------|-------------|-------------|-------------|-------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Amount (000 omitted) (1) | \$7,703 | \$9,343 | \$10,988 | \$12,774 | \$14,604 |
| Per Capita (2) | 217 | 263 | 309 | 362 | 414 |
| Percent of Assessed Valuation (3) | 0.35% | 0.45% | 0.54% | 0.63% | 0.85% |
| Percent of Equalized Valuation (4) | 0.33% | 0.43% | 0.51% | 0.78% | 0.89% |
| Per Capita as a per cent of | | | | | |
| Personal Income per Capita (2) | 1.24% | 1.51% | 1.77% | 2.08% | 2.38% |

(1) Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

(2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.

(3) Assessed valuation used here is the assessed valuation for that fiscal year.

(4) Equalized valuation used here is the equalized valuation in effect for that fiscal year.

Annual Debt Service (1)

| Fiscal Year | Outstanding as of 12/15/09 | | Non-Refunding Portion Current Issue | | Total Debt Service | Cumulative % Principal Retired (4) |
|----------------|----------------------------|------------------|--|------------------|-----------------------|--|
| | Principal (2) | Interest (2) | Principal | Interest (3) | | |
| 2010 | \$1,000,000 | \$147,242 | | | \$ 1,147,242 | 12.1% |
| 2011 | 1,530,305 | 240,509 | \$135,000 | \$36,873 | 1,942,688 | 32.3 |
| 2012 | 1,520,305 | 178,324 | 135,000 | 28,875 | 1,862,504 | 52.3 |
| 2013 | 830,305 | 113,894 | 135,000 | 24,625 | 1,104,024 | 64.0 |
| 2014 | 580,305 | 85,884 | 130,000 | 20,850 | 817,039 | 72.6 |
| 2015 | 410,305 | 64,092 | 130,000 | 16,950 | 621,347 | 79.1 |
| 2016 | 405,210 | 47,078 | 100,000 | 13,500 | 565,788 | 85.2 |
| 2017 | 255,210 | 30,210 | 100,000 | 10,500 | 395,920 | 89.5 |
| 2018 | 255,210 | 19,298 | 100,000 | 7,500 | 382,008 | 93.8 |
| 2019 | 255,210 | 8,374 | 100,000 | 4,500 | 368,084 | 98.1 |
| 2020 | 55,210 | 1,456 | 100,000 | 1,500 | 158,166 | 100.0% |
| Total | <u>\$7,097,575</u> | <u>\$936,363</u> | <u>\$1,165,000</u> | <u>\$165,873</u> | <u>\$9,364,812</u> | |

(1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt and unfunded pension liability, and the refunding portion of the Bonds.

(2) Principal and interest on \$52,575 of previously issued debt is exempt from the limitations of Proposition 2 1/2.

(3) Assumes average coupon rate of 3.00%

(4) Includes non-refunding portion of the current issue and the Refunded 1999A Bond and the Refunded 1999B Bonds, but not the refunding portion of the Bonds.

Revenue Anticipation Borrowing

The Town has not issued revenue anticipation notes in any of the last five fiscal years.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, (see Constitutional Status and Form of Government above), cities and towns may also be empowered to make other contracts and leases.

The Town of Amherst currently has no contracts of a material nature.

OVERLAPPING DEBT

The following table sets forth the portion of overlapping debt assessed to the Town: (1)

| | <u>Outstanding</u> | <u>Authorized Unissued</u> | <u>Estimated Share of Amherst</u> | <u>Assessment for Operations and Debt Service Fiscal Year 2010</u> |
|--|---------------------------|---------------------------------------|--|---|
| Amherst-Pelham Regional School District (1) | \$10,030,000 | \$0 | 77.69% | \$12,574,043 |
| Pioneer Valley Regional Transit Authority (2) | \$ 0 | 0 | 1.26% | 819,335 |

(1) Source: Amherst-Pelham Regional School District. The members of the District are the Towns of Amherst, Pelham, Leverett, and Shutesbury. The District receives an annual payment from the Massachusetts School Building Authority reimbursing approximately 67 percent of the project costs associated with District's current indebtedness. **The Town of Amherst has voted to exclude its capital assessment on account of these bonds from Proposition 2½.** Debt is as of December 15, 2009.

(2) Source: Pioneer Valley Regional Transit Authority. Debt is as of December 15, 2009.

RETIREMENT PLAN

The Massachusetts General Laws (Chapter 32, Section 1-28) provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to the separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. Under the contributory pension law, the obligations of a city or town whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy.

The amount required to pay the pensions over and above employee contributions and investment income was traditionally provided on an essentially pay-as-you-go basis but legislation enacted since 1981 has provided changes in the funding of both state and local retirement systems.

In 1983 legislation was enacted establishing the Pension Reserves Investment Trust ("PRIT") Fund to receive and manage funds to offset future pension costs of state and local systems to the extent of their participation in the assets of the PRIT Fund. The law now provides that annual appropriations by the Commonwealth for unfunded pension liabilities will be deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of December 31, 1989. The law calls for annual State appropriations amounting to at least 1.3% of State payroll.

"Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate are set aside for future, not current, pension liabilities. (Under prior law, local systems had been allowed to use excess earnings to reduce their annual appropriations for benefits paid to retirees.) Each system not joining PRIT is required to establish a pension reserve fund to receive excess earnings. Cities and towns may voluntarily appropriate to the pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

In addition to pension benefits, cities and towns may provide retired employees with payments for a portion of their health care and life insurance benefits. These benefit payments are generally provided on a pay-as-you-go basis.

The Town participates in the contributory retirement system of the former Hampshire County. The annual contributions to the retirement system for the most recent years and a budgeted figure for 2010 are set forth below:

| <u>Year</u> | <u>Total</u> |
|-----------------|--------------|
| 2010 (budgeted) | \$3,330,292 |
| 2009 | 3,232,259 |
| 2008 | 3,226,042 |
| 2007 | 3,117,247 |
| 2006 | 2,748,960 |

As of January 1, 2007, the most recent date available, the total estimated unfunded pension benefit obligation for the system as a whole was approximately \$94.4 million. Allocation for individual communities is not available.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

Other Post-Employment Benefits. In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits for fiscal year 2009 was \$959,254.

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims, and Massachusetts General Laws were recently amended to provide cities and towns with legal authority to establish a trust fund for the purpose of pre-funding other post employment benefits liability in the same manner as traditional pension benefits.

The Town has performed an actuarial valuation of its other post-employment benefits. As of July 1, 2008 (the most recent date available), the Town had 770 participants in other post-employment benefits, of whom 457 are active employees, 217 are retired employees, and 96 are spouses of retired employees. The annual required contribution (ARC), an amount that if fully funded would cover normal cost plus any unfunded liabilities, was \$6,022,008 as of June 30, 2009, of which \$3,882,074 was not funded by the Town. As of June 30, 2008, the actuarial accrued liability for other post-employment benefits was \$68,990,212.

PROPERTY TAXATION AND VALUATION

Tax Rate and Valuation - General. Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 per cent of their share of the total valuation. A city or town may also exempt up to 20 per cent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years. The Town applies the same tax rate to all property classifications.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized valuation" (see Debt Limits above).

VALUATIONS

The following shows the assessed and equalized valuations for the most recent fiscal years:

| | For Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>2009</u> (1) | <u>2008</u> | <u>2007</u> | <u>2006</u> (1) | <u>2005</u> |
| Real Property(2) | \$2,153,118,800 | \$2,034,512,300 | \$2,000,711,200 | \$1,985,183,400 | \$1,676,867,200 |
| Personal Property(2) | <u>51,143,300</u> | <u>50,079,360</u> | <u>45,210,430</u> | <u>42,438,362</u> | <u>36,889,700</u> |
| Total | <u>\$2,204,262,100</u> | <u>\$2,084,591,660</u> | <u>\$2,045,921,630</u> | <u>\$2,027,621,762</u> | <u>\$1,713,756,900</u> |
| Equalized Value(3) | \$2,321,406,100 | \$2,151,338,800 | \$2,151,338,800 | \$1,633,901,900 | \$1,633,901,900 |
| Percent of Total Assessed to Equalized Valuation | 95.0% | 96.9% | 95.1% | 124.1% | 104.9% |

(1) *Revaluation year.*

(2) *As of January 1 of the prior year.*

(3) *Based on the equalized valuation in effect for each year.*

The following table shows the breakdown of the total assessed valuation for fiscal years 2009 through 2007 by classification:

| <u>Class</u> | <u>2009</u> <u>Assessed</u> <u>Valuation</u> | <u>% of</u> <u>Total</u> | <u>2008</u> <u>Assessed</u> <u>Valuation</u> | <u>% of</u> <u>Total</u> | <u>2007</u> <u>Assessed</u> <u>Valuation</u> | <u>% of</u> <u>Total</u> |
|---------------------|---|---|---|---|---|---|
| Residential | \$2,000,917,881 | 90.8% | \$1,886,900,759 | 90.5% | \$1,848,463,295 | 90.3% |
| Commercial | 147,637,219 | 6.7 | 142,799,941 | 6.9 | 147,436,305 | 7.2 |
| Industrial | 4,563,700 | 0.2 | 4,811,600 | 0.2 | 4,811,600 | 0.2 |
| Personal | <u>51,143,300</u> | <u>2.3</u> | <u>50,079,360</u> | <u>2.4</u> | <u>45,210,430</u> | <u>2.2</u> |
| Total | <u>\$2,204,262,100</u> | <u>100.0%</u> | <u>\$2,084,591,660</u> | <u>100.0%</u> | <u>\$2,045,921,630</u> | <u>100.0%</u> |

TAX RATES

The following shows the actual tax rates per \$1,000 of assessed valuation and the full value rates based on the equalized valuations for the most recent fiscal years:

| <u>Fiscal Year</u> | <u>Actual Tax Rate</u> | <u>Full Value Rate</u> |
|-------------------------------|-----------------------------------|-----------------------------------|
| 2009 | \$15.82 | \$15.02 |
| 2008 | 16.02 | 15.52 |
| 2007 | 15.68 | 14.91 |
| 2006 | 15.06 | 18.69 |
| 2005 | 16.69 | 17.51 |

LARGEST TAXPAYERS (1)

The following is a list of the ten largest taxpayers for fiscal 2009:

| <u>Name</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Amount of Tax</u> | <u>% of Total Levy</u> |
|----------------------------|----------------------------------|--------------------------------------|---------------------------------|-----------------------------------|
| Amherst College | Real Estate Rentals | \$25,806,300 | \$408,256 | 1.2% |
| Jones Properties LTD | Real Estate Rentals | 25,140,100 | 397,716 | 1.1 |
| Western Mass Electric | Utility | 20,797,300 | 329,013 | 1.0 |
| New Puffton LTD | Apartments | 12,010,400 | 190,005 | 0.5 |
| Paul Properties | Apartments | 10,158,100 | 160,701 | 0.5 |
| GPT-RG Amherst LLC | Apartments | 8,376,900 | 132,523 | 0.4 |
| Pioneer Valley Living Care | Apartments | 8,283,500 | 131,045 | 0.4 |
| Amherst-Colonial Village | Apartments | 8,164,600 | 129,164 | 0.4 |
| Yosrex Limited Partnership | Apartments | 7,500,000 | 118,650 | 0.3 |
| Midamerica Properties | Hospital | 10,584,900 | 117,608 | 0.3 |
| | | <u>\$136,822,100</u> | <u>\$2,114,681</u> | <u>6.1%</u> |

(1) All of the largest taxpayers listed above are current on their real estate and personal property taxes.

TAX LEVIES

Levy-General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" below. As to the inclusion of debt service and final judgments, see Security and Remedies herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see “Abatements and Overlay” herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see “Taxation to Meet Deficits” herein).

Taxation to Meet Deficits. As noted elsewhere (see “Abatements and Overlay” herein) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

In the opinion of Bond Counsel, cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations. Chapter 59, Section 21C of the General Laws, an initiative statute also known as “Proposition 2 1/2” imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 1/2 percent by majority vote of the voters, or to less than 7 1/2 percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior years valuation. This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **The Town has voted to exempt \$52,765 of currently outstanding bonds from the limitations of Proposition 2 1/2.** It should be noted that Massachusetts General Laws, Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service or any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2 1/2 limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or town council of a town may vote to exclude from the Proposition 2 1/2 limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, the statute limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2 1/2 percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under the statute any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes (see "Tax Increment Financing for Development Districts" herein.)

Initiative Petitions. Various other proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

CALCULATION OF TAX LEVIES

The following table shows the details of the calculation of tax levies for the most recent fiscal years:

| | (000 omitted) | | | | |
|---|------------------------|--------------------|--------------------|--------------------|--------------------|
| | For Fiscal Year | | | | |
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Gross Amount to be Raised: | | | | | |
| Appropriations | \$70,360 | \$67,348 | \$65,909 | \$62,290 | \$57,742 |
| Other Local Expenditures | 428 | 419 | 356 | 467 | 673 |
| State & County Charges | 2,293 | 2,056 | 827 | 770 | 1,001 |
| Overlay Reserve | <u>342</u> | <u>343</u> | <u>312</u> | <u>297</u> | <u>302</u> |
| Total Gross Amount to be Raised | <u>73,423</u> | <u>70,166</u> | <u>67,404</u> | <u>63,824</u> | <u>59,719</u> |
| Less Estimated Receipts & Other Revenue: | | | | | |
| Estimated Receipts from State | 17,130 | 16,913 | 16,246 | 14,288 | 12,473 |
| Estimated Receipts - Local | 18,248 | 17,079 | 15,831 | 14,467 | 14,447 |
| Available Funds Appropriated: | | | | | |
| Free Cash | 460 | 644 | 166 | 765 | 116 |
| Other Available Funds | 2,175 | 1,728 | 1,855 | 1,785 | 1,468 |
| Free Cash & Other Revenue Used to Reduce the Tax Rate | <u>538</u> | <u>407</u> | <u>1,226</u> | <u>1,983</u> | <u>2,612</u> |
| Total Estimated Receipts & Revenue | <u>38,551</u> | <u>36,771</u> | <u>35,324</u> | <u>33,288</u> | <u>31,116</u> |
| Net Amount to Be Raised (Tax Levy) | <u>\$34,871</u> | <u>\$33,395</u> | <u>\$32,080</u> | <u>\$30,536</u> | <u>\$28,603</u> |

The following shows the calculation of levy limits for the most recent fiscal years:

| | (000 omitted) | | | | |
|------------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|
| | For Fiscal Year | | | | |
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Primary Levy Limit (1) | \$55,107 | \$52,115 | \$51,148 | \$50,691 | \$42,844 |
| Prior Fiscal Year Levy Limit | 33,067 | 31,713 | 30,318 | 28,640 | 25,275 |
| 2.5% Levy Growth | 827 | 793 | 758 | 716 | 632 |
| New Growth (2) | 546 | 561 | 637 | 963 | 732 |
| Overrides | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,000</u> |
| Growth Levy Limit | 34,439 | 33,067 | 31,713 | 30,318 | 28,640 |
| Debt Exclusions | 441 | 340 | 382 | 220 | 556 |
| Other Adjustments | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Tax Levy Limit | 34,880 | 33,407 | 32,095 | 30,539 | 29,195 |
| Tax Levy | <u>34,871</u> | <u>33,395</u> | <u>32,080</u> | <u>30,536</u> | <u>28,603</u> |
| Unused Levy Capacity (3) | <u>9</u> | <u>12</u> | <u>15</u> | <u>3</u> | <u>593</u> |
| Unused Primary Levy Capacity | <u>\$20,667</u> | <u>\$19,048</u> | <u>\$19,435</u> | <u>\$20,372</u> | <u>\$14,204</u> |

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations - certified by the Department of Revenue.

(3) Tax Levy Limit less Tax Levy.

* - Adjusted to reflect supplemental assessments.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The taxes for each fiscal year generally are due in two installments on November 1 (subject to deferral if tax bills are sent out late) and May 1, unless a city or town accepts a statute providing for quarterly tax payments. Under the statute, preliminary tax payments are to be due on August 15 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 15 and May 1 if actual tax bills are mailed by December 31. The Town voted to implement quarterly tax billing as of July 1, 1991. Interest accrues on delinquent taxes at the rate of 14 per cent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws.) In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" herein.

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for the most recent fiscal years:

| | <u>As of June 30,</u> | | | |
|-----------------------------------|------------------------------|---------------------|---------------------|---------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
| Total Tax Levy | \$34,875,399 | \$33,409,407 | \$32,107,460 | \$30,591,139 |
| Overlay Reserve for Abatements | <u>342,028</u> | <u>342,873</u> | <u>312,098</u> | <u>300,000</u> |
| Net Tax Levy(1) | <u>\$34,533,371</u> | <u>\$33,066,534</u> | <u>\$31,795,362</u> | <u>\$30,291,139</u> |
| Amount Collected | | | | |
| During Fiscal Year Payable (2) | \$34,080,629 | \$32,794,708 | \$31,363,552 | \$29,878,347 |
| Percent of Net Tax Levy | 98.7% | 99.2% | 98.6% | 98.6% |
| Amount Collected Through 09/30/09 | \$34,289,990 | \$33,070,787 | \$31,740,570 | \$30,575,691 |
| Percent of Net Tax Levy | 99.3% | 100.0% | 99.8% | 100.9% |

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections of levy less refunds and amounts refundable but including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during the fiscal year for the most recent fiscal years:

| | For Fiscal Year | | | | |
|--------------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Tax Levy | \$34,871,426 | \$33,395,158 | \$32,080,051 | \$30,535,984 | \$28,602,603 |
| Overlay Reserve for Abatements | 342,028 | 342,873 | 312,089 | 297,202 | 302,116 |
| Percent of Tax Levy | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Amounts Granted: | | | | | |
| During Fiscal Year of Levy | \$172,307 | \$164,503 | \$150,829 | \$322,336 | \$135,346 |
| As of September 30, 2009 | \$172,307 | \$166,992 | \$172,971 | \$348,027 | \$157,543 |

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

Sale of Tax Receivables. Cities and Towns are authorized to sell delinquent property tax receivables by public sale or auction either individually or in bulk.

Taxes Outstanding (1)

The following shows taxes outstanding at the end of each of the last five fiscal years:

| | For Fiscal Year | | | | |
|----------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Aggregate (1) | \$536,944 | \$479,611 | \$545,312 | \$381,608 | \$392,811 |
| For Current Year (1) | 517,125 | 449,606 | 518,290 | 355,733 | \$367,899 |
| Tax Titles and Possessions | 449,010 | 333,957 | 282,294 | 296,646 | 307,778 |

(1) Excludes tax titles, tax possessions and abated taxes. Includes taxes in litigation, if any.

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April, May or June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts. The Town annually adjusts water and sewer rates to reflect and capture projected expenses.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In fiscal years 1994 to the present, the Town's net school spending exceeded the minimum required local contribution.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See Property Taxation and Valuation herein.)

Budget Comparison

The following table sets forth the budgets for fiscal years 2006 through 2010:

| <u>Category</u> | <u>2010</u> | <u>2009 (1)</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Government | \$5,752,025 | \$5,989,728 | \$5,755,139 | \$5,304,392 | \$4,909,244 |
| Public Safety | 8,315,386 | 8,265,817 | 8,071,970 | 8,029,047 | 7,661,693 |
| Public Works | 1,843,942 | 1,756,999 | 1,690,501 | 1,737,044 | 1,767,454 |
| Planning, Conservation | 886,562 | 859,656 | 871,881 | 898,047 | 782,627 |
| Community Services (2) | 1,533,637 | 1,734,363 | 1,743,604 | 1,831,363 | 1,611,161 |
| Library Services | 2,093,584 | 2,128,147 | 2,097,199 | 2,033,196 | 1,921,987 |
| Education (3) | 32,955,811 | 33,084,085 | 31,841,903 | 31,168,186 | 28,964,203 |
| Debt Service (4) | 1,545,867 | 1,446,361 | 1,491,359 | 1,797,573 | 1,893,373 |
| Enterprises | 8,157,479 | 8,224,613 | 7,822,692 | 7,483,935 | 6,955,174 |
| Enterprise Debt Service | <u>1,222,580</u> | <u>1,341,318</u> | <u>1,172,343</u> | <u>1,084,388</u> | <u>984,988</u> |
| Totals | <u>\$64,306,873</u> | <u>\$64,831,087</u> | <u>\$62,558,591</u> | <u>\$61,367,171</u> | <u>\$57,451,904</u> |

(1) Final budget after adjustments following "9c" cuts. See "STATE AID" below.

(2) Cherry Hill Golf Course moved from Enterprise Fund to Community Services budget beginning in fiscal 2007.

(3) Includes Amherst Public Schools and assessment for Amherst-Pelham Regional School District.

(4) Includes capital assessment for bonds issued by the Amherst-Pelham Regional School District as well as repayment of the Teachers' Salary Deferral adopted for fiscal 1992 and 1993.

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "school" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. None of the major local aid programs has a termination date under existing law, and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining measure could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under that law, municipalities were allowed to defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule. The Town adopted this option for fiscal 1992 and fiscal 1993; the amount of the deferral of teachers' salaries for each year is \$423,848. The Town has appropriated \$56,514 for fiscal year 2010 and expects to complete repayment in fiscal 2011. The current balance is \$56,514.

The following table sets forth the amount of State aid, including annual grants from the Massachusetts School Building Authority, received in each of the most recent fiscal years and an estimate for fiscal year 2010:

| <u>Fiscal Year</u> | <u>Total From State</u> |
|--------------------|-------------------------|
| 2010 (estimate) | \$14,281,221 |
| 2009 (unaudited) | 16,151,534 |
| 2008 | 16,913,265 |
| 2007 | 16,895,173 |
| 2006 | 14,820,650 |

For fiscal 2009, the Town's initial state aid estimate, upon which it based its operating budget, was \$17,129,832, not including school building assistance grants. On January 28, 2009, Massachusetts Governor Deval Patrick announced mid-year reductions in state aid for most communities, including Amherst, in response to growing fiscal pressures on the Commonwealth of Massachusetts. The Town's reduction, which was in its Lottery and Additional Assistance aid, totaled \$978,298. The Town responded to the reduction by implementing budgetary reductions and reserve allocations. In May, Chapter 70 school aid was reduced by 2 percent, or \$659,034. The Commonwealth made available funds received under the American Recovery and Reinvestment Act to offset this reduction.

State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills are payable within 30 days of their issue and when not paid bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table shows the actual motor vehicle receipts in each of the most recent fiscal years:

| <u>Fiscal Year</u> | <u>Receipts (1)</u> |
|---------------------------|----------------------------|
| 2009 (unaudited) | \$1,435,003 |
| 2008 | 1,537,624 |
| 2007 | 1,535,254 |
| 2006 | 1,516,654 |

(1) Net after refunds. Includes receipts for prior years.

ENTERPRISE FUNDS

The Town operates enterprise funds for its water and sewer utilities, as well as solid waste services and downtown parking.

The Town's Department of Public Works operates the water and sewer utilities. 95 percent of the Town's population receives water service and 90 percent receives sewer service. Effective July 1, 2009, the water rate is \$3.30 per 100 cubic feet of metered water consumption; the sewer rate is \$3.25 per 100 cubic feet of metered water consumption. In fiscal 2009, water revenues totalling \$4,433,153 exceeded total water expenses (including debt service) of \$4,178,590. Sewer revenues totalling \$3,755,771 exceeded total sewer expenses of \$3,551,323.

The following table shows water revenues in the most recent fiscal years:

| <u>Fiscal Year</u> | <u>Receipts</u> |
|---------------------------|------------------------|
| 2009 (unaudited) | \$4,433,153 |
| 2008 | 3,744,671 |
| 2007 | 3,432,283 |
| 2006 | 3,111,571 |

The following table shows sewer revenues in the most recent fiscal years:

| <u>Fiscal Year</u> | <u>Receipts</u> |
|---------------------------|------------------------|
| 2009 (unaudited) | \$3,755,771 |
| 2008 | 3,482,695 |
| 2007 | 3,216,990 |
| 2006 | 2,955,083 |

The Town operates a solid waste transfer station and recycling center. These replaced a sanitary landfill, which closed in June 2002. Sufficient reserves were accumulated to pay closing costs and to provide a trust fund for long-term monitoring. In fiscal 2009, solid waste revenues totalled \$616,417 compared to expenses of \$661,681.

The following table shows solid waste revenues in the most recent fiscal years:

| <u>Fiscal Year</u> | <u>Receipts</u> |
|---------------------------|------------------------|
| 2009 (unaudited) | \$616,417 |
| 2008 | 441,491 |
| 2007 | 449,692 |
| 2006 | 425,354 |

The Town accounts for its downtown parking operations, including a parking garage, in an enterprise fund. The Refunded 1999A Bonds funded the Town's share of the costs of constructing the parking garage. In fiscal 2009, transportation revenues totalled \$1,034,459 compared to expenses of \$985,702.

The following table shows parking revenues in the most recent fiscal years:

| <u>Fiscal Year</u> | <u>Receipts</u> |
|--------------------|-----------------|
| 2009 (unaudited) | \$1,034,459 |
| 2008 | 883,149 |
| 2007 | 925,450 |
| 2006 | 853,058 |

COMMUNITY PRESERVATION ACT

The Massachusetts Community Preservation Act (the "CPA"), permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAX" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years,

provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged. The Town has voted to accept the Community Preservation Act. The Town levies a one percent surcharge on property tax bills, with exemptions on the first \$100,000 of valuation on residential properties and on low income property taxpayers. As of June 30, 2009, the Town's Community Preservation Fund had a balance of \$271,787. \$225,000 par amount of the Bonds are expected to be paid from the Community Preservation Fund.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "Property Tax" above). The Town has not established any such development districts.

UNDESIGNATED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the undesignated general fund balance and certified free cash for the most recent fiscal years:

| <u>July 1,</u> | <u>Undesignated General Fund Balance</u> | <u>Free Cash</u> |
|-----------------------|---|-------------------------|
| 2009 | \$2,818,106 | \$2,672,333 |
| 2008 | 3,834,715 | 3,528,863 |
| 2007 | 3,335,714 | 3,154,033 |
| 2006 | 2,291,669 | 2,216,935 |
| 2005 | 1,952,028 | 1,240,133 |

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two-thirds vote of town meeting.

The balance in the Fund at the end of the most recent fiscal years is as follows:

| <u>Fiscal Year</u> | <u>Balance</u> |
|---------------------------|-----------------------|
| 2009 | \$1,380,604 |
| 2008 | 894,542 |
| 2007 | 863,153 |
| 2006 | 1,801,720 |
| 2005 | 2,579,647 |

INVESTMENTS

Investments of funds of cities and town, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares of SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee and the funds are managed under contract by an investment firm.. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

COLLECTIVE BARGAINING

The Town employs approximately 812 full and 98 part-time workers. Town and school employees (other than managerial employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

| <u>Union</u> | <u>Department</u> | <u>Number of Employees</u> | <u>Contract Expires (1)</u> |
|---------------------|--------------------------|-----------------------------------|------------------------------------|
| SEIU | DPW | 37 | 6/30/2010 |
| Firefighters | Fire | 43 | 6/30/2007 (1) |
| Police Patrolmen | Police | 42 | 6/30/2010 |
| SEIU | Various | 65 | 6/30/2010 |
| Teachers | School | 367 | 6/30/2011 |
| Paraprofessionals | School | 178 | 6/30/2011 |
| Clerical | School | 40 | 6/30/2011 |
| AFSCME Maintenance | School | 52 | 6/30/2011 |
| AFSCME Food Service | School | 4 | 6/30/2011 |
| Administrators | School | <u>11</u> | |
| Total | | <u>839</u> | |

(1) The expired contracts are in negotiation.

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town of Amherst, located in Hampshire County in western Massachusetts approximately 100 miles west of Boston, is bordered on the south by the Towns of South Hadley and Granby, on the west by the Town of Hadley, on the north by the Towns of Sunderland and Leverett, and on the east by the Towns of Shutesbury, Pelham, and Belchertown. With a population of approximately 34,874, the Town occupies a land area of 27.8 square miles.

Amherst is well-known as the home of the flagship campus of the University of Massachusetts, as well as of Amherst College and Hampshire College. The presence of the University and the colleges profoundly affects residential and commercial patterns for Amherst and surrounding communities.

Principal Employers

The following are the principal employers located in the Town, excluding the Town itself:

| <u>Company</u> | <u>Nature of Business</u> | <u>Approximate Number of Employees</u> |
|-----------------------------------|----------------------------------|---|
| University of Massachusetts | Public University | 7,860 |
| Amherst College | Private College | 860 |
| Hampshire College | Private College | 428 |
| Care for Extended Care at Amherst | Health | 190 |
| Big Y Supermarket | Supermarket | 170 |
| Atkins Country Farm Market | Grocery | 165 |
| Valley Medical | Health Care | 75 |
| U.S. Department of Agriculture | Federal Government | 63 |
| U.S. Postal Service | Federal Government | 58 |

Source: Town as of June, 2009.

University of Massachusetts

Total enrollment for the fall of 2009 for the Amherst campus was approximately 27,000, reflecting the eighth consecutive year of modest increases. The campus continues to meet all of its' enrollment targets, and experienced a 2% increase in applications for the freshman class entering fall 2009. Due to the severe nationwide recession, state support to the Amherst campus fell by more than \$40 million in fiscal year 2010 compared to fiscal year 2009. This loss of state funding has been offset by the infusion of more than \$57 million in one-time funding under the American Recovery and Reinvestment Act. Because of this influx of federal funding, the campus has avoided layoffs and has one of the largest undergraduate classes in recent memory. Total sponsored research activity reached \$152.9 million in fiscal year 2008, an increase of 5 percent from the previous year. Preliminary numbers indicate continued growth.

Approximately 37 new faculty were hired in fiscal year 2010, bringing the total of new faculty hired in fiscal years 2008 to 2010 to 174. The University Board of Trustees recently approved an \$887 million capital plan for the Amherst campus for fiscal years 2010 to 2014. Included in this plan is funding for a new police station and a new science facility. The campus has established as its major goals improving student quality, restoring faculty strength, and expanding research. In order to do this, the campus must continue to invest in facility infrastructure improvements.

Employment and Payrolls

| | Calendar Year Average | | | | |
|-----------------------------------|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
| Construction & Natural Resources | 235 | 229 | 233 | 232 | 258 |
| Manufacturing | 51 | 61 | 64 | 59 | 80 |
| Trade, Transportation & Utilities | 1,084 | 1,055 | 1,091 | 1,125 | 1,184 |
| Financial Activities | 427 | 390 | 403 | 353 | 347 |
| Professional & Business Services | 432 | 426 | 420 | 626 | 864 |
| Education & Health Services | 9,375 | 9,273 | 9,137 | 9,260 | 7,440 |
| Leisure & Hospitality | 1,762 | 1,619 | 1,476 | 1,255 | 1,284 |
| Public Administration | 374 | 389 | 365 | 320 | 412 |
| Information & Other Services | <u>843</u> | <u>817</u> | <u>789</u> | <u>649</u> | <u>640</u> |
| Total Employment | 14,617 | 14,266 | 13,986 | 14,156 | 12,545 |
| Number of Establishments | 777 | 742 | 750 | 755 | 744 |
| Total Annual Wage (000) | \$628,569 | \$573,067 | \$581,878 | \$559,956 | \$524,695 |
| Average Weekly Wage | \$827 | \$773 | \$800 | \$761 | \$804 |

Source: Massachusetts Department of Employment and Training.

Building Permits (1)

| <u>Fiscal Year</u> | <u>Number</u> | <u>Estimated Value</u> |
|---------------------------|----------------------|-------------------------------|
| 2010 (2) | 244 | \$ 5,434,411 |
| 2009 | 795 | 36,605,998 |
| 2008 | 779 | 20,366,380 |
| 2007 | 846 | 37,613,072 |
| 2006 | 1,054 | 27,948,747 |

(1) Source: Amherst Building Inspector.

(2) Through October 1, 2009.

OTHER DATA

Unemployment (1)

| <u>Year</u> | <u>Amherst</u> | <u>Massachusetts</u> | <u>United States</u> |
|--------------------|-----------------------|-----------------------------|-----------------------------|
| 2009 (September) | 5.8% | 9.3% | 9.5% |
| 2008 | 3.6 | 5.3 | 5.8 |
| 2007 | 3.1 | 4.5 | 4.6 |
| 2006 | 3.4 | 5.0 | 4.6 |
| 2005 | 3.4 | 4.8 | 5.1 |

(1) Massachusetts Department of Employment and Training. Full year annual averages except for the current year which is for the month indicated.

Population (1)

| <u>Year</u> | <u>Amherst</u> | | <u>Hampshire County</u> | | <u>Massachusetts</u> | |
|--------------------|-----------------------|------------------------|--------------------------------|------------------------|-----------------------------|------------------------|
| | <u>Number</u> | <u>% Change</u> | <u>Number</u> | <u>% Change</u> | <u>Number</u> | <u>% Change</u> |
| 2020 (Proj.) | 36,840 | 0.7% | 163,233 | 3.3% | 6,767,712 | 3.2% |
| 2010 (Proj.) | 36,583 | 2.9 | 158,015 | 2.0 | 6,557,001 | 0.9 |
| 2008 (Est.) | 35,565 | 2.0 | 154,983 | 1.8 | 6,497,967 | 2.3 |
| 2000 | 34,874 | (1.0) | 152,251 | 3.9 | 6,349,097 | 5.5 |
| 1990 | 35,228 | 6.0 | 146,568 | 5.6 | 6,016,425 | 4.9 |
| 1980 | 33,229 | 2.62 | 138,813 | 12.0 | 5,737,037 | 0.8 |
| 1970 | 26,331 | | 123,981 | | 5,689,170 | |

(1) Source: U.S. Department of Commerce for actuals, Massachusetts Institute for Social & Economic Research for projections.

Population Density (1)

| <u>Year</u> | <u>Amherst</u> | | <u>Hampshire County</u> | | <u>Massachusetts</u> | |
|--------------------|-----------------------|---------------------------|--------------------------------|-----------------------|-----------------------------|-----------------------|
| | <u>Number</u> | <u>Density (2)</u> | <u>Number</u> | <u>Density</u> | <u>Number</u> | <u>Density</u> |
| 2020 (Proj.) | 36,840 | 1,330.8 | 163,233 | 308.6 | 6,767,712 | 863.5 |
| 2010 (Proj.) | 36,583 | 1,321.5 | 158,015 | 298.7 | 6,557,001 | 836.6 |
| 2008 (Est.) | 35,565 | 1,284.8 | 154,983 | 293.0 | 6,497,967 | 829.0 |
| 2000 | 34,874 | 1,259.8 | 152,251 | 287.8 | 6,349,097 | 810.0 |
| 1990 | 35,228 | 1,272.6 | 146,568 | 277.1 | 6,016,425 | 767.6 |
| 1980 | 33,229 | 1,200.4 | 138,813 | 262.4 | 5,737,037 | 732.0 |
| 1970 | 26,331 | 951.2 | 123,981 | 234.4 | 5,689,170 | 725.8 |

(1) Source: U.S. Department of Commerce.

(2) Based on 27.7 square miles.

Population Composition 2000 (1)

| <u>Age</u> | <u>Amherst</u> | | <u>Hampshire County</u> | | <u>Massachusetts</u> | |
|----------------------|----------------|----------------|-------------------------|----------------|----------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Under 5 Years | 993 | 2.8% | 6,943 | 4.6% | 397,268 | 6.3% |
| 5 Years to 19 Years | 10,144 | 29.1 | 33,563 | 22.0 | 1,277,845 | 20.1 |
| 20 Years to 64 Years | 21,423 | 61.4 | 93,418 | 61.4 | 3,813,822 | 60.1 |
| 65 Years & Over | <u>2,314</u> | <u>6.6</u> | <u>18,327</u> | <u>12.0</u> | <u>860,162</u> | <u>13.5</u> |
| Total | <u>34,874</u> | <u>100.0%</u> | <u>152,251</u> | <u>100.0%</u> | <u>6,349,097</u> | <u>100.0%</u> |
| Median Age | 21.8 | | 34.4 | | 36.5 | |
| Median Age (1990) | 21.6 | | 30.3 | | 33.6 | |

(1) Source: U.S. Department of Commerce.

Income Levels (1)

| <u>Year</u> | <u>Amherst</u> | | <u>Hampshire County</u> | | <u>Massachusetts</u> | |
|--------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|
| | <u>Per Capita Income</u> | <u>% Change from Previous Census</u> | <u>Per Capita Income</u> | <u>% Change from Previous Census</u> | <u>Per Capita Income</u> | <u>% Change from Previous Census</u> |
| 1999 | \$17,427 | 56.4% | \$21,685 | 50.4% | \$25,952 | 50.1% |
| 1989 | 11,144 | 114.8 | 14,414 | 124.8 | 17,224 | 131.0 |
| 1979 | 5,188 | | 6,411 | | 7,457 | |
| Median Family Income (1999) | \$61,237 | | \$57,480 | | \$61,664 | |
| Median Household Income (1999) | \$40,017 | | \$46,098 | | \$50,502 | |
| % Below Poverty Level (1999) | 20.2% | | 9.4% | | 9.3% | |

(1) Source: U.S. Department of Commerce.

Family Income Distribution 1999 (1)

| <u>Income for Families</u> | <u>Amherst</u> | | <u>Hampshire County</u> | | <u>Massachusetts</u> | |
|----------------------------|-----------------|----------------|-------------------------|----------------|----------------------|----------------|
| | <u>Families</u> | <u>Percent</u> | <u>Families</u> | <u>Percent</u> | <u>Families</u> | <u>Percent</u> |
| Less than \$10,000 | 174 | 3.8% | 1,158 | 3.4% | 71,198 | 4.5% |
| \$10,000 - \$24,999 | 579 | 12.7 | 3,748 | 11.1 | 175,120 | 11.0 |
| \$25,000 - \$49,999 | 1,070 | 23.5 | 8,940 | 26.4 | 368,418 | 23.3 |
| \$50,000 - \$74,999 | 887 | 19.5 | 9,024 | 26.6 | 359,202 | 22.6 |
| \$75,000 - \$99,999 | 516 | 11.3 | 5,248 | 15.5 | 251,231 | 15.8 |
| \$100,000 - \$149,999 | 858 | 18.8 | 4,198 | 12.4 | 222,234 | 14.0 |
| \$150,000 or more | <u>469</u> | <u>10.3</u> | <u>1,563</u> | <u>4.6</u> | <u>140,134</u> | <u>8.8</u> |
| Total | <u>4,553</u> | <u>100.0%</u> | <u>33,879</u> | <u>100.0%</u> | <u>1,587,537</u> | <u>100.0%</u> |

(1) Source: U.S. Department of Commerce.

Household Income Distribution 1999 (1)

| Income for Households | Amherst | | Hampshire County | | Massachusetts | |
|------------------------------|-------------------|----------------|-------------------------|----------------|----------------------|----------------|
| | Households | Percent | Households | Percent | Households | Percent |
| Less than \$10,000 | 999 | 10.9% | 4,304 | 7.7% | 214,700 | 8.8% |
| \$10,000 - \$24,999 | 1,900 | 20.8 | 9,930 | 17.7 | 385,395 | 15.8 |
| \$25,000 - \$49,999 | 2,343 | 25.6 | 15,990 | 28.6 | 608,320 | 24.8 |
| \$50,000 - \$74,999 | 1,430 | 15.6 | 12,260 | 21.9 | 490,998 | 20.1 |
| \$75,000 - \$99,999 | 880 | 9.6 | 6,532 | 11.7 | 312,741 | 12.8 |
| \$100,000 - \$149,999 | 1,022 | 11.2 | 4,882 | 8.7 | 267,300 | 10.9 |
| \$150,000 or more | 576 | 6.3 | 2,057 | 3.7 | 165,134 | 6.8 |
| Total | <u>9,150</u> | <u>100.0%</u> | <u>55,955</u> | <u>100.0%</u> | <u>2,444,588</u> | <u>100.0%</u> |

(1) Source: U.S. Department of Commerce.

Value Distribution Of Specified Owner-Occupied Housing Units 2000 (1)

| Units | Amherst | | Hampshire County | | Massachusetts | |
|-----------------------|----------------|----------------|-------------------------|----------------|----------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than \$100,000 | 133 | 3.8% | 3,982 | 13.6% | 113,263 | 9.5% |
| \$100,000 - \$149,999 | 991 | 28.0 | 12,620 | 43.2 | 277,571 | 23.4 |
| \$150,000 - \$199,999 | 1,122 | 31.7 | 7,218 | 24.7 | 273,542 | 23.0 |
| \$200,000 - \$299,999 | 281 | 24.2 | 4,069 | 13.9 | 286,599 | 24.1 |
| \$300,000 - \$499,999 | 58 | 11.0 | 1,193 | 4.1 | 170,536 | 14.4 |
| \$500,000 or more | 0 | 1.3 | 150 | 0.5 | 66,360 | 5.6 |
| Total | <u>2,585</u> | <u>100.0%</u> | <u>29,232</u> | <u>100.0%</u> | <u>1,187,871</u> | <u>100.0%</u> |

| | | | |
|--------------|-----------|-----------|-----------|
| Median Value | \$177,000 | \$142,400 | \$185,700 |
|--------------|-----------|-----------|-----------|

(1) Source: U.S. Department of Commerce.

Age Distribution Housing Units 2000 (1)

| Year Built | Amherst | | Hampshire County | | Massachusetts | |
|--------------------|----------------|----------------|-------------------------|----------------|----------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| 1990 to March 2000 | 849 | 9.0% | 6,081 | 10.4% | 218,407 | 8.3% |
| 1980 to 1989 | 1,428 | 15.1 | 7,787 | 13.3 | 292,701 | 11.2 |
| 1940 to 1979 | 5,372 | 57.0 | 27,476 | 46.8 | 1,205,183 | 46.0 |
| 1939 or Earlier | 1,777 | 18.9 | 17,300 | 29.5 | 905,698 | 34.5 |
| Total | <u>9,426</u> | <u>100.0%</u> | <u>58,644</u> | <u>100.0%</u> | <u>2,621,989</u> | <u>100.0%</u> |

(1) Source: U.S. Department of Commerce.

Housing Unit Inventory 2000 (1)

| <u>Units in Structure</u> | <u>Amherst</u> | | <u>Hampshire County</u> | | <u>Massachusetts</u> | |
|-------------------------------|----------------|----------------|-------------------------|----------------|----------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| 1, Detached | 4,148 | 44.0% | 35,500 | 60.6% | 1,374,479 | 52.5% |
| 1, Attached | 535 | 5.7 | 2,150 | 3.7 | 104,129 | 4.0 |
| 2 to 4 | 1,631 | 17.3 | 10,608 | 18.1 | 603,917 | 23.0 |
| 5 to 9 | 1,089 | 11.6 | 3,810 | 6.5 | 156,135 | 6.0 |
| 10 to 49 | 1,122 | 11.9 | 2,603 | 4.4 | 113,697 | 4.3 |
| 50 or More | 897 | 9.5 | 3,075 | 5.2 | 244,892 | 9.3 |
| Mobil Home, Trailer, or Other | 4 | 0.0 | 898 | 1.5 | 24,740 | 0.9 |
| Total | <u>9,426</u> | <u>100.0%</u> | <u>58,644</u> | <u>100.0%</u> | <u>2,621,989</u> | <u>100.0%</u> |

(1) Source: U.S. Department of Commerce.

Educational Attainment 2000 (1)

| <u>Years of School Completed</u> | <u>Amherst</u> | | <u>Hampshire County</u> | | <u>Massachusetts</u> | |
|---|----------------|----------------|-------------------------|----------------|----------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Less than 9 th Grade | 238 | 1.8% | 3,104 | 3.3% | 247,556 | 5.8% |
| 9 th to 12 th Grade | 400 | 3.1 | 6,815 | 7.3 | 403,537 | 9.4 |
| High School Graduate | 1,216 | 9.4 | 24,029 | 25.9 | 1,165,489 | 27.2 |
| Some College, No Degree | 1,480 | 11.4 | 16,336 | 17.5 | 730,135 | 17.1 |
| Associate's Degree | 716 | 5.5 | 7,544 | 8.1 | 308,263 | 7.2 |
| Bachelor's Degree | 3,489 | 27.1 | 17,995 | 19.3 | 834,554 | 19.6 |
| Graduate or Professional Degree | <u>5,387</u> | <u>41.7</u> | <u>17,370</u> | <u>18.6</u> | <u>583,741</u> | <u>13.7</u> |
| Total | <u>12,926</u> | <u>100.0%</u> | <u>93,193</u> | <u>100.0%</u> | <u>4,273,275</u> | <u>100.0%</u> |
| High School Graduate or Higher | 12,288 | 95.1% | 83,274 | 89.4% | 3,622,182 | 84.8% |
| Bachelor's Degree or Higher | 8,876 | 68.7% | 35,365 | 37.9% | 1,418,295 | 33.2% |

(1) Source: U.S. Department of Commerce

Public School Enrollments

| | Actual | | | | | Projected | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>05/06</u> | <u>06/07</u> | <u>07/08</u> | <u>08/09</u> | <u>09/10</u> | <u>10/11</u> | <u>11/12</u> | <u>12/13</u> | <u>13/14</u> |
| Amherst Public Schools (PreK – 6) | <u>1,417</u> | <u>1,396</u> | <u>1,336</u> | <u>1,324</u> | <u>1,268</u> | <u>1,243</u> | <u>1,228</u> | <u>1,228</u> | <u>1,253</u> |

Source: School Department as of October 1, each year.

| | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Amherst-Pelham Regional Schools (all students) | | | | | | | | | |
| Total | <u>1,924</u> | <u>1,877</u> | <u>1,817</u> | <u>1,764</u> | <u>1,691</u> | <u>1,632</u> | <u>1,584</u> | <u>1,539</u> | <u>1,494</u> |

Source: School Department as of October 1, each year.

Public School Facilities

| <u>Name</u> | <u>Date Built</u> | <u>Added to (Remodeled)</u> | <u>Capacity</u> | <u>Current Enrollment</u> (1) |
|---------------------------------|--------------------------|------------------------------------|------------------------|--------------------------------------|
| Crocker Farm Elementary School | 1966 | 2002 | 395 | 324 |
| Fort River Elementary School | 1973 | | 460 | 449 |
| Wildwood Elementary School | 1970 | | 460 | 396 |
| Mark's Meadow Elementary School | 1960 | | 200 | 170 |
| Total | | | 1,515 | 1,339 |

(1) As of 10/1/09.

LITIGATION

There is no pending litigation that is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

TOWN OF AMHERST
Massachusetts

By: /s/ John P. Musante
Finance Director/Treasurer

Dated: November 17, 2009

APPENDIX A

The General Fund Balance Sheets for June 30, 2004 through June 30, 2008 and the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for fiscal years June 30, 2004 through 2008 are extracted from the audit reports of Melanson Heath & Company, PC, Certified Public Accountants. Audited financial statements for fiscal year 2008 are presented in Appendix B.

TOWN OF AMHERST, MASSACHUSETTS

Balance Sheets- General Fund (1)

June 30,

| | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$3,734,059 | \$2,086,689 | \$858,638 | \$1,371,854 | \$2,932,629 |
| Investments | 3,162,326 | 3,750,308 | 3,299,232 | 3,000,000 | 1,692,011 |
| Receivables: | | | | | |
| Property Taxes | 602,433 | 657,737 | 481,371 | 485,389 | 495,872 |
| Tax liens and foreclosures | 319,872 | 274,834 | 286,730 | 294,750 | 403,617 |
| Excises | 328,822 | 293,882 | 269,472 | 280,510 | 228,501 |
| Departmental | 203,496 | 148,425 | 315,933 | 129,528 | 75,528 |
| Due from other funds | 0 | 568,162 | 507,993 | 1,195,748 | 0 |
| Other | 0 | 48,285 | 48,285 | 1,000 | 1,000 |
| Total Assets | <u>\$8,351,008</u> | <u>\$7,827,822</u> | <u>\$6,067,654</u> | <u>\$6,758,779</u> | <u>\$5,829,158</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | | |
| Warrants Payable | 436,469 | \$ 517,613 | \$ 360,967 | \$ 252,993 | \$ 386,640 |
| Accounts Payable | 0 | 25,323 | 65,958 | 45,158 | 0 |
| Deferred Revenue | 1,231,529 | 1,137,138 | 1,017,332 | 978,660 | 1,030,125 |
| Accrued Payroll and withholdings | 1,795,540 | 1,536,115 | 1,430,103 | 1,576,741 | 1,525,058 |
| Accrued Interest Payable | 0 | 0 | 59,673 | 116,981 | 116,981 |
| Other | 297,476 | 381,973 | 176,217 | 56,739 | 82,319 |
| Total Liabilities | <u>\$3,761,014</u> | <u>\$3,598,162</u> | <u>\$3,110,250</u> | <u>\$3,027,272</u> | <u>\$3,141,123</u> |
| Fund Balance: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 330,279 | \$ 656,053 | \$ 665,735 | \$ 929,479 | \$ 813,480 |
| Expenditures | 425,000 | 237,893 | 0 | 850,000 | 272,586 |
| Unreserved: | | | | | |
| Undesignated | 3,834,715 | 3,335,714 | 2,291,669 | 1,952,028 | 1,601,969 |
| Total Fund Balance | <u>\$4,589,994</u> | <u>\$4,229,660</u> | <u>\$2,957,404</u> | <u>\$3,731,507</u> | <u>\$2,688,035</u> |
| Total Liabilities and Fund Balance | <u>\$8,351,008</u> | <u>\$7,827,822</u> | <u>\$6,067,654</u> | <u>\$6,758,779</u> | <u>\$5,829,158</u> |

(1) Extracted from the Town's financial statements as audited by Melanson Heath & Company, PC.

TOWN OF AMHERST, MASSACHUSETTS

Statement of Revenues, Expenditures, and Changes in Fund Balance (1) General Fund June 30,

| | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Revenues: | | | | | |
| Property Taxes | 33,184,923 | \$31,837,940 | \$30,230,905 | \$28,635,660 | \$25,705,421 |
| Excises | 1,537,624 | 1,438,647 | 1,516,653 | 1,474,548 | 1,504,843 |
| Interest, penalties, and other taxes | 1,098,364 | 1,099,157 | 1,076,394 | 1,146,385 | 1,141,784 |
| Charges for services | 2,503,797 | 2,319,326 | 1,682,585 | 1,220,691 | 1,348,852 |
| Licenses and permits | 865,483 | 765,300 | 986,514 | 894,290 | 683,547 |
| Intergovernmental | 20,079,863 | 19,826,883 | 16,634,165 | 15,441,694 | 14,126,421 |
| Fine and forfeits | 123,234 | 162,327 | 153,752 | 157,788 | 143,624 |
| Interest earnings | 431,422 | 439,704 | 330,495 | 274,691 | 190,541 |
| Miscellaneous | 41,714 | 74,618 | 59,216 | 92,197 | 23,068 |
| Total Revenues | <u>\$59,866,424</u> | <u>\$57,963,902</u> | <u>\$52,670,679</u> | <u>\$49,337,944</u> | <u>\$44,868,101</u> |
| Expenditures: | | | | | |
| General Government | 9,338,232 | \$ 9,007,328 | \$ 8,340,388 | \$ 7,112,441 | \$ 7,206,864 |
| Public Safety | 8,018,639 | 8,045,597 | 7,579,541 | 7,370,417 | 7,215,898 |
| Education | 34,639,637 | 33,182,638 | 30,991,592 | 28,856,152 | 27,069,136 |
| Public Works | 1,864,500 | 1,714,653 | 1,817,200 | 1,900,822 | 1,856,097 |
| Human Services | 1,788,750 | 1,884,050 | 1,674,289 | 1,522,097 | 1,278,272 |
| Culture and recreation | 1,557,760 | 1,573,846 | 1,461,527 | 1,402,293 | 1,397,813 |
| Debt Service | 963,223 | 1,301,105 | 1,337,214 | 1,265,104 | 1,294,535 |
| Intergovernmental | 1,154,031 | 1,048,176 | 765,028 | 1,000,233 | 919,893 |
| Total Expenditures | <u>\$59,324,772</u> | <u>57,757,393</u> | <u>53,966,779</u> | <u>\$50,429,559</u> | <u>\$48,238,508</u> |
| Excess (deficiency) of revenues over expenditures | 541,652 | 206,509 | (1,296,100) | (1,091,615) | (3,370,407) |
| Other Financing Sources (Uses): | | | | | |
| Total other financing sources (uses), net | <u>(181,318)</u> | <u>1,065,747</u> | <u>521,997</u> | <u>2,135,087</u> | <u>(96,480)</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses) | 541,652 | 1,272,256 | 521,997 | 1,043,472 | (3,466,887) |
| Fund Balance, Beginning of Year | 4,229,660 | 2,957,404 | 3,731,507 | 2,688,035 | 6,154,922 |
| Fund Balance, End of Year | <u><u>\$4,589,994</u></u> | <u><u>\$4,229,660</u></u> | <u><u>\$2,957,404</u></u> | <u><u>\$3,731,507</u></u> | <u><u>\$2,688,035</u></u> |

(1) Extracted from the Town's financial statements as audited by Melanson Heath & Company, PC.

APPENDIX B

There follows in this Appendix the audited financial statements of the Town for the fiscal year ended June 30, 2008 with the report of the certified public accountants, Melanson Heath & Company, PC, of Greenfield, Massachusetts.

EDWARDS ANGELL PALMER & DODGE LLP

111 Huntington Avenue Boston, MA 02199 617.239.0100 fax 617.227.4420 eapdlaw.com

(Date of Delivery)

John P. Musante, Finance Director/Treasurer
Town of Amherst
Amherst, Massachusetts

\$3,080,000
Town of Amherst, Massachusetts
General Obligation Municipal Purpose Loan of 2009 Bonds
Dated December 15, 2009

We have acted as bond counsel to the Town of Amherst, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except as expressed in paragraph 4 below, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

4. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Edwards Angell Palmer & Dodge LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Town of Amherst, Massachusetts (the "Town") in connection with the issuance of its \$3,080,000 General Obligation Municipal Purpose Loan of 2009 Bonds dated December 15, 2009 (the "Bonds"). The Town covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted when available separately from the balance of the Annual Report.

(b) If the Town is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Town shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Town's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Town's Official Statement dated December 1, 2009 relating to the Bonds regarding (i) the revenues and expenditures of the Town relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Town, and (vi) pension obligations of the Town, and

(b) the most recently available audited financial statements of the Town, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth.

If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Town or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Town shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Material Events.

(a) The Town shall give notice, in accordance with subsection 5(b) below, of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of the Owners of the Bonds.

8. Bond calls.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds.
11. Rating changes.

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event, the Town shall as soon as possible determine if such an event would be material under applicable federal securities laws and if so, the Town shall promptly file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds or payment in full of all of the Bonds.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Town), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Town to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Town to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Town of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town to comply

with this Disclosure Certificate shall be an action for specific performance of the Town's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: December 15, 2009

TOWN OF AMHERST,
MASSACHUSETTS

By _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

BOS111 12431699.1

**This form is provided for the convenience of bidders
but its use is not required
PROPOSAL FOR
\$3,095,000*
TOWN OF AMHERST, MASSACHUSETTS
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2009 BONDS**

December 1, 2009

Mr. John P. Musante, Treasurer
Town of Amherst
c/o UniBank Fiscal Advisory Services, Inc.
49 Church Street
Whitinsville, Massachusetts 01588

Dear Mr. Musante:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated November 18, 2009 which is hereby made a part of this proposal, we hereby offer to purchase all of the \$3,095,000* General Obligation Municipal Purpose Loan of 2009 Bonds, Book-Entry-Only, dated December 15, 2009 of the Town of Amherst, Massachusetts described in said Notice of Sale, and to pay therefore the price of \$3,095,000 plus a premium of \$_____ (not less than \$46,425.00), plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their dated date until maturity at the respective rates per annum stated in the following table:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2010 | | 2014 | | 2018 | |
| 2011 | | 2015 | | 2019 | |
| 2012 | | 2016 | | | |
| 2013 | | 2017 | | | |

* Preliminary; subject to change.

The undersigned hereby acknowledges the receipt of and the opportunity to examine the Preliminary Official Statement accompanying the said Notice of Sale.

By _____

The following is our computation of the true interest cost and percent true interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal, of the purchase of \$3,095,000* General Obligation Municipal Purpose Loan of 2009 Bonds under the foregoing proposal:

True Interest Cost \$ _____ Percent True Interest Cost _____ %
(four decimals)

UniBank Fiscal Advisory Services, Inc. will assist in submitting bids on this issue, if desired. Please sign a blank bid form and mail it in advance of the sale to David M. Eisenthal at the above address or fax it to (508) 234-1938. UniBank Fiscal Advisory Services, Inc. will act as agent for bidders if they will telephone final figures to (508) 849-4222 approximately one-half hour before the sale. Bidders are responsible for any errors in bids submitted in this manner.